

# SENATE BILL REPORT

## SB 5440

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As Reported By Senate Committee On:  
Economic Development, Trade & Management, February 21, 2007  
Ways & Means, March 5, 2007

**Title:** An act relating to public facilities districts and regional centers under the authority of such districts.

**Brief Description:** Modifying provisions relating to public facilities districts.

**Sponsors:** Senators Keiser, Kauffman and Rockefeller.

**Brief History:**

**Committee Activity:** Economic Development, Trade & Management: 2/07/07, 2/21/07 [w/oRec-WM].  
Ways & Means: 2/27/07, 3/05/07 [DPS, w/oRec].

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### SENATE COMMITTEE ON ECONOMIC DEVELOPMENT, TRADE & MANAGEMENT

**Majority Report:** That it be referred to Committee on Ways & Means without recommendation.

Signed by Senators Kastama, Chair; Kilmer, Vice Chair; Zarelli, Ranking Minority Member; Clements, Kauffman and Shin.

**Staff:** Jacob White (786-7448)

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### SENATE COMMITTEE ON WAYS & MEANS

**Majority Report:** That Substitute Senate Bill No. 5440 be substituted therefor, and the substitute bill do pass.

Signed by Senators Prentice, Chair; Zarelli, Ranking Minority Member; Brandland, Carrell, Hatfield, Hewitt, Hobbs, Keiser, Oemig, Parlette, Rasmussen, Roach, Rockefeller and Schoesler.

**Minority Report:** That it be referred without recommendation.

Signed by Senator Honeyford.

**Staff:** Dean Carlson (786-7305)

**Background:** A public facilities district (PFD) may be created by a city or county. A PFD is authorized to acquire, construct, own, remodel, maintain, equip, reequip, repair, and operate

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sports facilities, entertainment facilities, convention facilities or regional centers, together with contiguous parking facilities.

The districts formed prior to July 31, 2002, or in certain small districts prior to July 1, 2006, may impose a 0.033 percent sales tax that is deducted from the state sales tax and is not an increase to taxpayers.

If both a city created and a county created PFD assess this sales tax, the city created PFD tax is credited against the county created PFD tax and the combined total may not be greater than 0.033 percent.

**Summary of Bill:** A city with a population of less than 150,000 but greater than 80,000, in a county with a population greater than one million may create a PFD if the construction of a regional center begins prior to July 1, 2008.

A PFD thus created may impose a sales and use tax that may not exceed 0.033 percent.

The retail sales tax thus imposed does not apply to charges made for labor and services for the construction of a new regional center by a PFD. Neither the sales nor use tax applies to: tangible personal property that becomes a component of the regional center; or labor and services rendered to install fixtures during the construction of the regional center.

**EFFECT OF CHANGES MADE BY RECOMMENDED SUBSTITUTE AS PASSED COMMITTEE (Ways & Means):** The sales and use tax exemption for the construction of the facility was removed.

**Appropriation:** None.

**Fiscal Note:** Available.

**Committee/Commission/Task Force Created:** No.

**Effective Date:** Ninety days after adjournment of session in which bill is passed.

**Staff Summary of Public Testimony (Economic Development, Trade & Management):** PRO: Kent is the biggest loser in sales tax distribution. Twenty other communities have already created a similar public facilities district.

A regional center in Kent would diversify the city's economy. This is a once in a generation opportunity for Kent. Among the many events that would be held at the center, the Seattle Thunderbirds would play there. The construction of the center would bring many jobs to the city.

**Persons Testifying (Economic Development, Trade & Management):** PRO: Senator Keiser, prime sponsor; Suzette Cooke, City of Kent.

**Staff Summary of Public Testimony (Ways & Means):** PRO: The city of Kent is the biggest loser in the streamline sales and use tax agreement. Kent station has been developed into a very successful project. This project would be adjacent to Kent station. This is a renaissance for Kent in the development of new economic opportunities. The event center would create family friendly entertainment that Kent has never had. The main tenant would

be the Seattle Thunderbirds, which is a junior hockey team. We are going to assume 80 percent of the risk. We can begin building this summer.

**Persons Testifying (Ways & Means):** PRO: Senator Keiser, prime sponsor; Mayor Suzette Cook, City of Kent; Mike Miller, Valley Bank.